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23 March 1962

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CENTRAL INTELLIGENCE BULLETIN



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*France-Algeria: The OAS on 22 March intensified terrorism and strikes in Algiers and Oran, and created so much tension in Corsica that the government airlifted additional security forces to the island. [redacted]

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[REDACTED] In order to convince its European settler followers of its ability to sabotage De Gaulle's Algerian policy, the OAS may feel compelled to take more forceful action soon to interfere with the government's moves toward implementation of the Evian accords.

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Members of the PAG were reportedly impressed and gratified by the prompt US action in furnishing an aircraft for vice premier Ben Bella's 21 March trip from Switzerland to Morocco. [Ambassador Walmsley in Tunis feels that the PAG deliberately scheduled his 20 March appointment with premier Ben Khedda ahead of that of the Soviet ambassador.]

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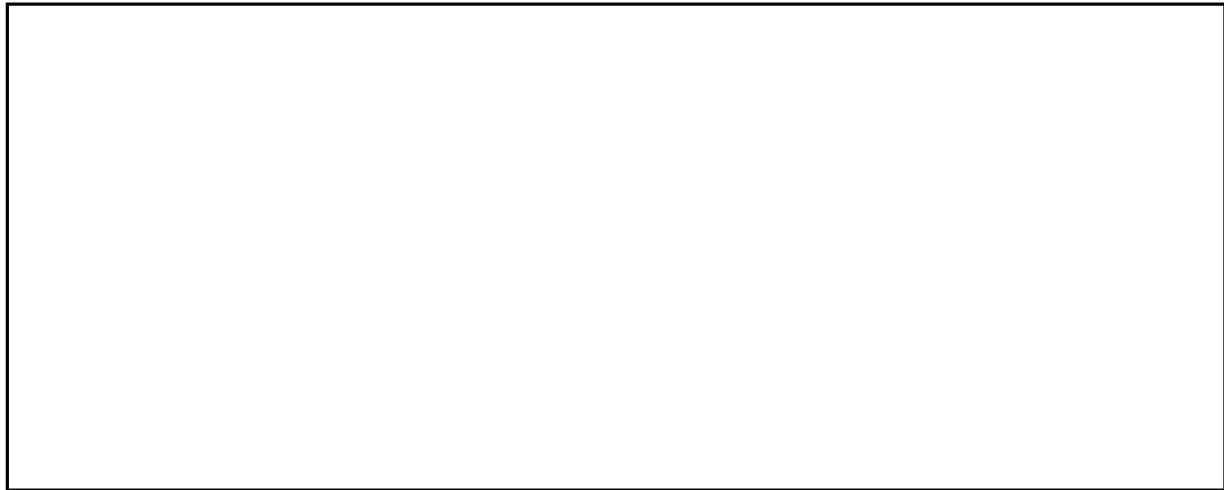
[REDACTED]

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***Argentina:** The Peronista-led bloc of labor unions--which represents about half of organized labor--has announced a 24-hour strike for 23 March; Peronista leaders informed the US Embassy that the strikes will continue until Frondizi cancels the intervention in the provinces where they have won electoral victories, and permits Peronistas "to participate in a coalition cabinet."

In the political arena, the air force still favors continuance of Frondizi in the presidency, following a suitable cabinet reshuffle. The navy, which wanted a prompt ouster of Frondizi, and leading army officers have now apparently agreed "with great reluctance" to permit Frondizi to remain as president on condition that he appoint ministers to the new cabinet who are of national stature and free from any taint of Peronism or Communism. There will be considerable political jockeying during the next few days until the composition of the new cabinet is announced.

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[Meanwhile in Madrid, the Spanish foreign minister told Ambassador McBride that Spain preferred a Frondizi-type regime to the return of Peron; he stressed the warm relations]



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[between Spain and the Frondizi government. The foreign minister also pointed out that Peron is in Spain at Frondizi's request and that Peron had given the Spanish no trouble and had not violated the conditions of his asylum. The foreign minister did not believe Peron would undertake "overt political activity" from Spain at this time.]

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[Israel-Syria: On 21 March Foreign Minister Meir said Israel's cabinet had decided, in order to permit a relaxation of tension, to keep patrol boats off Lake Tiberias during the next few days and not "at this time" to initiate further retaliatory action. That same morning, however, an air battle occurred in which the Syrians claim to have downed an Israeli Super Mystere jet, and that night, according to the Israelis, Syrians fired on two villages north of Lake Tiberias]

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[In Damascus the Syrians are displaying captured Israeli half-tracks, and speakers are pointing out that the equipment is of American manufacture. The half-tracks are rebuilt World War II vehicles which the Israelis purchased on the surplus market]

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[The Syrian Government also has accused Egypt of aiding Israel by refusing to return Syrian arms, aircraft, and ships held by Egypt at the time of Syria's secession from the UAR.]

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Pakistan-Afghanistan: [Little progress has been made in breaking the deadlock between Rawalpindi and Kabul over the frontier problem, as the two-month period during which the Afghans reopened the border for transit of US aid shipments comes to a close. The limited concessions Rawalpindi is willing to make toward restoring normal commercial and diplomatic relations are not likely to be regarded by Kabul as sufficient to enable the Afghan Government to accept without appearing to back down completely from its present position. However, the Afghans are experiencing growing economic pressure as a result of the stoppage of normal trade for six months, and may be willing to use the negotiations as a face-saving pretext to extend the present temporary border operations beyond the 29 March deadline.]

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Iraq-Kuwait: [The Qasim regime appears to be stiffening its attitude toward those countries maintaining foreign diplomatic representation in Kuwait. On 17 March it withdrew its ambassador in Tokyo and threatened to close the Japanese Embassy in Baghdad. The Iraqi ambassadors in Iran and Jordan were withdrawn after these countries had received Kuwaiti ambassadors. Ambassador Sulayman in Washington may be recalled following the Kuwaiti ambassador's presentation of his credentials.]

[Kuwait is exerting considerable pressure on Lebanon for an exchange of ambassadors and is said to have threatened]

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[retaliation against Lebanese economic interests should the Lebanese refuse. So far ambassadors from the UAR, Jordan, Britain, Saudi Arabia, Iran, and the US have presented their credentials in Kuwait. Among the Arab states, Libya, Sudan, and Lebanon have not yet sent emissaries, and Syria has not yet recognized Kuwait. Iraq continues to boycott Arab League activities as a result of Kuwait's participation in the League.]

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[Bolivia: President Paz told the US ambassador in Bolivia on 19 March that he felt Bolivia was not being treated fairly under the Alliance for Progress. He charged that Argentina and Chile have received relatively larger allocations than Bolivia, which has made more progress in such basic institutional changes as tax and land reform emphasized by President Kennedy. The US ambassador points out that the funds allocated]

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[to Bolivia for fiscal year 1962 will have little immediate impact, and that this will increase pressures for Bolivian acceptance of Soviet aid. The Soviet ambassador to Mexico, Vladimir Bazykin, who is returning to Moscow after completing a five-year tour, was scheduled to arrive in La Paz on 22 March, where presumably he will discuss commercial and diplomatic relations. Bolivia has diplomatic relations with the USSR, but the two countries have never exchanged missions.]

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Brazilian Interest in Shale Oil Development

Soviet technicians spent three months in Brazil in early 1960 under the auspices of a private Brazilian firm, CIRB, which has concessionary rights on some shale deposits. On the basis of Soviet surveys, a small pilot plant was built in the USSR and Brazilian shale was shipped there for experimental purposes. The prototype plant to be set up in Brazil would be used to determine the feasibility of producing gas commercially.

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Both the USSR and Communist China have had considerable experience in processing oil shale. China's vast deposits of shale in Manchuria were developed originally by the Japanese;

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the processing facilities were later expanded in the postwar period with Soviet assistance. China was producing shale oil at a rate of about 20,000 barrels a day in 1961, and plans call for continuous expansion of the industry. Soviet capabilities for providing assistance in the development of Brazil's oil shale are based on more than 40 years of experience in the field. The USSR probably is capable of providing any type of equipment found in the West and some not used outside the bloc.

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Soviet Ambassador to Visit Bolivia

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[In 1960 the USSR tentatively offered a credit of \$150,000,-000 and a tin smelter, which has great appeal in Bolivia, and negotiations on these offers have apparently been delayed primarily by President Paz. Paz is under increased pressure to give serious consideration to Soviet aid because of campaigning in Bolivia for congressional elections in June. The nominating convention of the government party, the Nationalist Revolutionary Movement (MNR), is scheduled to open on 24 March and, while MNR nominations are probably still tantamount to election for most seats as has been true since 1956, the party contains two leftist factions which are not under Paz' control. Half the Chamber of Deputies and 15 of 27 senators are to be elected.]

[En route to Bolivia Ambassador Bazykin was not permitted to deplane in Peru and was obliged to proceed to Santiago, where he was given 48 hours to leave Chile, according to a press report. His expected visit to Ecuador was "postponed" at the last moment. Ecuador's President Arosemena recently declared that he was willing to see an expansion of the currently insignificant trade between his country and the USSR. Bazykin planned an extensive trip to Latin American countries a year ago, but only Venezuela and Ecuador granted him visas at that time, and his tour failed to produce any significant results.]

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The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

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